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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/805,522	03/13/2001	Douglas Monticciolo	198191/0004	1852
7590	06/28/2006			
STROOCK & STROOCK & LAVAN LLP 180 Maiden Lane New York, NY 10038				EXAMINER SUBRAMANIAN, NARAYANSWAMY
			ART UNIT 3628	PAPER NUMBER

DATE MAILED: 06/28/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	09/805,522	MONTICCIOLI, DOUGLAS	
	Examiner	Art Unit	
	Narayanswamy Subramanian	3624	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on 07 April 2006.
- 2a) This action is **FINAL**. 2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 1-8 and 14-20 is/are pending in the application.
- 4a) Of the above claim(s) 14-20 is/are withdrawn from consideration.
- 5) Claim(s) _____ is/are allowed.
- 6) Claim(s) 1-8 is/are rejected.
- 7) Claim(s) _____ is/are objected to.
- 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on 07 April 2006 is/are: a) accepted or b) objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) All b) Some * c) None of:
 1. Certified copies of the priority documents have been received.
 2. Certified copies of the priority documents have been received in Application No. _____.
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) <input type="checkbox"/> Notice of References Cited (PTO-892)	4) <input type="checkbox"/> Interview Summary (PTO-413)
2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)	Paper No(s)/Mail Date. _____.
3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date _____.	5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)
	6) <input type="checkbox"/> Other: _____.

DETAILED ACTION

1. This office action is in response to applicants' communication filed on April 7, 2006. Amendments to claim 1, cancellation of claims 9-13 and addition of claims 14-20 have been entered. Claims 1-8 and 14-20 are pending in the application. Rejections of claim 1 made under 35 USC 112, second paragraph have been withdrawn in view of the amendments. New claims 14-20 are withdrawn from consideration as being drawn to non-elected inventions as discussed below. Applicant is respectfully requested to cancel the withdrawn non-elected claims 14-20 in response to this office action. Claims 1-8 have been examined. The response to amendment, rejections and response to arguments are stated below.

Response to Amendment

2. Newly submitted claims 14-20 are directed to inventions that is independent or distinct from the invention originally claimed for the following reasons:

The claims 1-8 that were examined in the last office action are drawn to a method of facilitating funding of a loan, the method comprising: providing, by a lending institution, a financial guaranty to an insurance company as a first loss protection for the loan as an enticement to the insurance company to insure the loan. The new claims 14-20 are drawn to a method of a lending institution insuring a loan with an insurance company, the loan having a first loss and other loss, the method comprising: receiving insurance for the loan from an insurance company, thereby transferring loss to the insurance company; providing a financial guaranty to the insurance company in return for a first loss, the lending institution thereby retaining the first loss and the insurance company assuming the other loss. The originally presented and currently amended claims 1-8 are directed to a method of facilitating funding of a loan whereas new

claims 14-20 are directed to a method of a lending institution insuring a loan with an insurance company. As is evident from the preamble of the two inventions and from the steps of the claimed inventions, the two inventions are distinct and independent. Also the search required for claims 1-8 is different from that required for claims 14-20, restriction for examination purposes as indicated is proper.

3. Since applicant has received an action on the merits for the originally presented invention drawn to claims 1-8, this invention has been constructively elected by original presentation for prosecution on the merits. Accordingly, claims 14-20 are withdrawn from consideration as being directed to a non-elected invention. See 37 CFR 1.142(b) and MPEP § 821.03. Applicant is respectfully requested to cancel the withdrawn non-elected claims 14-20 in response to this office action.

Claim Rejections - 35 USC § 112

4. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

5. Claim 6 is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claim 6 recites the limitation “a bankruptcy-remote entity”. It is not clear what the applicants mean by the term “bankruptcy-remote entity”. It is not a term that is well known to one of ordinary skill in the art and the specification does not provide a description to enable an ordinary artisan to understand what is meant by the term. Appropriate correction/clarification is required.

Claim Rejections - 35 USC § 103

6. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

7. Claims 1-8 are rejected under 35 U.S.C. 103(a) as being unpatentable over Gould et al (US Patent 5,966,700).

Claim 1, Gould teaches method of facilitating funding of a loan, the method comprising the step of providing, by a lending institution, a financial guaranty to an insurance company as a first loss protection for the loan (See Gould Column 3 lines 30 – Column 4 line 57) as an enticement to the insurance company to insure the loan. The risk allocation agreement is the financial guaranty and the funding institution such as a Federal Home Loan Bank (FHLB) is the insurance company. The limitation “as an enticement to the insurance company to insure the loan” is not given patentable weight because it is interpreted as an intended use. FHLB provides insurance against losses that exceed a maximum credit enhancement amount and hence the FHLB is interpreted to include an insurer.

Claim 2, Gould teaches the step wherein the lending institution comprises a lender and a reinsurer, and wherein the financial guaranty is reinsurance provided by the reinsurer, and wherein the loan is a loan of the lender (See Gould Column 3 lines 30 – Column 4 line 57). The mortgage originator is interpreted to include a lender and a reinsurer, the underwriting is interpreted to include reinsurance and the loan is a loan of the lender is inherent in the disclosure.

The mortgage originator bears the risk up to a certain reserve percentage, which is what reinsurers do. Hence the mortgage originator is interpreted to include a lender and a reinsurer.

Claims 4-6, Gould teaches the steps wherein the loan comprises a pool of loans (See Gould Column 4 lines 5-10); wherein the loan is transferred by the lending institution to an entity that issues a note to obtain funding for the loan (See Gould Column 4 lines 25-39, the custodian is interpreted to be the entity to which the loans are transferred), and wherein the note is insured by the insurance company and wherein the entity comprises a bankruptcy-remote entity and a trust (See Gould Column 4 lines 25-39, the custodian is interpreted to include a trust entity).

Claim 7, Gould teaches the step wherein the lending institution comprises a lender and a reinsurer, and wherein the financial guaranty is reinsurance provided by the reinsurer, and wherein the loan is a loan of the lender (See Gould Column 3 lines 30-57). The mortgage originator is interpreted to include a lender and a reinsurer, the underwriting is interpreted to include reinsurance and the loan is a loan of the lender is inherent in the disclosure.

Claims 3 and 8, Gould teaches the step wherein the lending institution comprises a lender and a reinsurer, and wherein the financial guaranty is reinsurance provided by the reinsurer (See Gould Column 3 lines 30-57).

Gould does not explicitly teach the step wherein the loan is a loan of a third party. Official notice is taken that holding of loans of a third party by an institution is old and well known in the art. This helps the institution holding the loans to consolidate, diversify and resell the loans as bundles or tranches in the secondary markets.

It would have been obvious to modify Gould to include the step wherein the loan is a loan of a third party. The combination of disclosures suggests that lending institution would have benefited from the consolidation of such loans with the loans in their own portfolio.

Response to Arguments

8. In response to Applicant's arguments that the Gould reference fails to teach or suggest the limitation of the lending institution providing "a financial guaranty to an insurance company as a first loss protection for the loan", the examiner respectfully disagrees. Gould teaches that a financial guaranty is provided by the lending institution to the FHLB. FHLB provides insurance against losses that exceed a maximum credit enhancement amount and hence the FHLB is interpreted to include an insurer. Also the mortgage originator bears the risk up to a certain reserve percentage, which is a first loss protection for the loan. Hence Gould teaches the limitation "providing, by a lending institution, a financial guaranty to an insurance company as a first loss protection for the loan".

In response to Applicant's arguments that the Gould reference fails to teach "the financial guaranty is reinsurance provided by the reinsurer", the examiner respectfully disagrees. Gould teaches that a mortgage originator bears the risk up to a certain reserve percentage, which is what reinsurers do. Hence the mortgage originator is interpreted to include a lender and a reinsurer. Hence Gould teaches the limitations of claim 2.

Applicant's other arguments with respect to pending claims have been considered but are not persuasive.

Conclusion

9. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

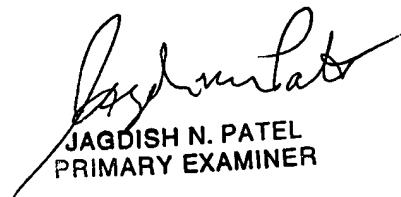
A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Dr. Narayanswamy Subramanian whose telephone number is (571) 272-6751. The examiner can normally be reached Monday-Thursday from 8:30 AM to 7:00 PM. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached at (571) 272-6747. The fax number for Formal or Official faxes and Draft to the Patent Office is (571) 273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PMR or Public PAIR. Status information for unpublished applications is available through Private PMR only. For more information about the PMR

system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Dr. N. Subramanian *N.S.*
June 7, 2006



JAGDISH N. PATEL
PRIMARY EXAMINER